

104TH CONGRESS  
1ST SESSION

# S. 893

To amend the Internal Revenue Code of 1986 to provide a credit for charitable contributions, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 7 (legislative day, JUNE 5), 1995

Mr. SANTORUM introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for charitable contributions, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. CREDIT FOR CHARITABLE CONTRIBUTIONS TO**  
4                       **CERTAIN PRIVATE CHARITIES PROVIDING**  
5                       **ASSISTANCE TO THE POOR.**

6       (a) IN GENERAL.—Subpart A of part IV of sub-  
7       chapter A of chapter 1 of the Internal Revenue Code of  
8       1986 (relating to nonrefundable personal credits) is  
9       amended by inserting after section 22 the following new  
10      section:

1 **“SEC. 23. CREDIT FOR CERTAIN CHARITABLE CONTRIBU-**  
2 **TIONS.**

3 “(a) IN GENERAL.—In the case of an individual,  
4 there shall be allowed as a credit against the tax imposed  
5 by this chapter for the taxable year an amount equal to  
6 the qualified charitable contributions which are paid by  
7 the taxpayer during the taxable year.

8 “(b) LIMITATION.—The credit allowed by subsection  
9 (a) for the taxable year shall not exceed \$100 (\$200 in  
10 the case of a joint return).

11 “(c) QUALIFIED CHARITABLE CONTRIBUTION.—For  
12 purposes of this section, the term ‘qualified charitable con-  
13 tribution’ means any charitable contribution (as defined  
14 in section 170(c)) made in cash to a qualified charity but  
15 only if the amount of each such contribution, and the re-  
16 cipient thereof, are identified on the return for the taxable  
17 year during which such contribution is made.

18 “(d) QUALIFIED CHARITY.—

19 “(1) IN GENERAL.—For purposes of this sec-  
20 tion, the term ‘qualified charity’ means, with respect  
21 to the taxpayer, any organization described in sec-  
22 tion 501(c)(3) and exempt from tax under section  
23 501(a)—

24 “(A) which is certified by the Secretary as  
25 meeting the requirements of paragraphs (2)  
26 and (3),

1 “(B) which is organized under the laws of  
 2 the United States or of any State in which the  
 3 organization is qualified to operate, and

4 “(C) which is required, or elects to be  
 5 treated as being required, to file returns under  
 6 section 6033.

7 “(2) CHARITY MUST PRIMARILY ASSIST THE  
 8 POOR.—An organization meets the requirements of  
 9 this paragraph only if the predominant activity of  
 10 such organization is the provision of services to indi-  
 11 viduals whose annual incomes generally do not ex-  
 12 ceed 150 percent of the official poverty line (as de-  
 13 fined by the Office of Management and Budget).

14 “(3) MINIMUM EXPENDITURE REQUIREMENT.—

15 “(A) IN GENERAL.—An organization meets  
 16 the requirements of this paragraph only if the  
 17 Secretary reasonably expects that the annual  
 18 exempt purpose expenditures of such organiza-  
 19 tion will not be less than 70 percent of the an-  
 20 nual aggregate expenditures of such organiza-  
 21 tion.

22 “(B) EXEMPT PURPOSE EXPENDITURE.—  
 23 For purposes of subparagraph (A)—

24 “(i) IN GENERAL.—The term ‘exempt  
 25 purpose expenditure’ means any expendi-

1           ture to carry out the activity referred to in  
2           paragraph (2).

3           “(ii) EXCEPTIONS.—Such term shall  
4           not include—

5                   “(I) any administrative expense,

6                   “(II) any expense for the purpose  
7                   of influencing legislation (as defined  
8                   in section 4911(d)),

9                   “(III) any expense primarily for  
10                  the purpose of fundraising, and

11                  “(IV) any expense for litigation  
12                  on behalf of any individual referred to  
13                  in paragraph (2).

14       “(e) TIME WHEN CONTRIBUTIONS DEEMED  
15 MADE.—For purposes of this section, at the election of  
16 the taxpayer, a contribution which is made not later than  
17 the time prescribed by law for filing the return for the  
18 taxable year (not including extensions thereof) shall be  
19 treated as made on the last day of such taxable year.

20       “(f) COORDINATION WITH DEDUCTION FOR CHARI-  
21 TABLE CONTRIBUTIONS.—

22           “(1) CREDIT IN LIEU OF DEDUCTION.—The  
23       credit provided by subsection (a) for any qualified  
24       charitable contribution shall be in lieu of any deduc-

1       tion otherwise allowable under this chapter for such  
2       contribution.

3           “(2) ELECTION TO HAVE SECTION NOT  
4       APPLY.—A taxpayer may elect for any taxable year  
5       to have this section not apply.”

6       (b) QUALIFIED CHARITIES REQUIRED TO PROVIDE  
7       COPIES OF ANNUAL RETURN.—Subsection (e) of section  
8       6104 of such Code (relating to public inspection of certain  
9       annual returns and applications for exemption) is amend-  
10      ed by adding at the end the following new paragraph:

11           “(3) CHARITIES RECEIVING CREDITABLE CON-  
12       TRIBUTIONS REQUIRED TO PROVIDE COPIES OF AN-  
13       NUAL RETURN.—

14           “(A) IN GENERAL.—Every qualified char-  
15       ity (as defined in section 23(d)) shall, upon re-  
16       quest of an individual made at an office where  
17       such organization’s annual return filed under  
18       section 6033 is required under paragraph (1) to  
19       be available for inspection, provide a copy of  
20       such return to such individual without charge  
21       other than a reasonable fee for any reproduc-  
22       tion and mailing costs. If the request is made  
23       in person, such copies shall be provided imme-  
24       diately and, if made other than in person, shall  
25       be provided within 30 days.

1 “(B) PERIOD OF AVAILABILITY.—Subpara-  
 2 graph (A) shall apply only during the 3-year pe-  
 3 riod beginning on the filing date (as defined in  
 4 paragraph (1)(D) of the return requested).”

5 (c) CLERICAL AMENDMENT.—The table of sections  
 6 for subpart A of part IV of subchapter A of chapter 1  
 7 of such Code is amended by inserting after the item relat-  
 8 ing to section 22 the following new item:

“Sec. 23. Credit for certain charitable contributions.”

9 (d) EFFECTIVE DATE.—The amendments made by  
 10 this section shall apply to contributions made after the  
 11 90th day after the date of the enactment of this Act in  
 12 taxable years ending after such date.

13 **SEC. 2. REPEAL OF CERTAIN CHANGES MADE IN THE**  
 14 **EARNED INCOME CREDIT.**

15 (a) REPEAL OF CREDIT FOR INDIVIDUALS WITHOUT  
 16 CHILDREN.—Subparagraph (A) of section 32(c)(1) of the  
 17 Internal Revenue Code of 1986 (defining eligible individ-  
 18 ual) is amended to read as follows:

19 “(A) IN GENERAL.—The term ‘eligible in-  
 20 dividual’ means any individual who has a quali-  
 21 fying child for the taxable year.”

22 (b) REPEAL OF INCREASES IN AMOUNT OF CRED-  
 23 IT.—

24 (1) Subsection (b) of section 32 of such Code  
 25 is amended to read as follows:

1 “(b) PERCENTAGES.—

2 “(1) IN GENERAL.—The credit percentage and  
3 the phaseout percentage shall be determined as  
4 follows:

“In the case of an eligible individual with:	The credit percentage is:	The phaseout percentage is:
1 qualifying child .....	34 .....	15.98
2 or more qualifying children ..	36 .....	20.22

5 “(2) AMOUNTS.—The earned income amount  
6 and the phaseout amount shall be determined as  
7 follows:

“In the case of an eligible individual with:	The earned income amount is:	The phaseout amount is:
1 qualifying child .....	\$6,000 .....	\$11,000
2 or more qualifying children ..	\$8,425 .....	\$11,000.”

8 (2) Paragraph (1) of section 32(i) of such Code  
9 is amended by striking “subsection (b)(2)(A)” and  
10 inserting “subsection (b)(2)”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 1995, except that adjustments shall be  
14 made under section 32(i) of the Internal Revenue Code  
15 of 1986 to the section 32(b)(2) of such Code (as amended  
16 by this section) for such taxable years.

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